

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
-)	CC Docket No. 96-45
Federal-State Joint Board on)	
Universal Service)	
)	
Review of the Definition of)	
Universal Service)	

**COMMENTS OF THE
MARYLAND PUBLIC SERVICE COMMISSION**

The Maryland Public Service Commission (MD PSC) offers these comments in response to the Public Notice issued on August 21, 2001 by the Federal-State Joint Board on Universal Service regarding its review of the definition of supported services to receive universal service support. The Maryland Public Service Commission believes the current list of supported services meets the criteria established in the Telecommunications Act of 1996 (the Act) and recommends that the list not be modified at this time.

Section 254 (c)(2) of the Act states that “the Joint Board may, from time to time, recommend to the Commission modifications in the definition of the services that are supported by Federal universal service support mechanisms.”¹ Section 254 (c)(1)(A) – (D) requires the Joint Board and the Commission to “consider the extent to which...telecommunications services” to be included in the definition of universal service:

- (1) are essential to education, public health, or public safety;

¹ 47 U.S.C. § 254 (c) (2)

- (2) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers;
- (3) are being deployed in public telecommunications networks by telecommunications carriers; and
- (4) are consistent with the public interest, convenience and necessity.²

The Joint Board seeks comments on whether any advanced or high-speed services should be included within the list of supported services.³ The MD PSC would oppose such a proposal because of the low level of consumer demand demonstrated for these services at current market rates.

The U.S. General Accounting Office (GAO) recently released a report suggesting that 37.8 percent of consumers are unwilling to pay more than what they were currently paying for conventional dial-up Internet access for faster Internet access.⁴ While the largest percentage of respondents were willing to pay a little more than they currently pay, the market rate for DSL is higher than most consumers are willing to pay.⁵ This suggests that high-speed Internet access does not yet fit the definition of services which should be supported by universal service funding, most especially because it is not a service that a substantial majority of residential consumers are willing to purchase at this time.

In addition, the MD PSC is concerned that the effect of providing support only to carriers that provide all of the supported services could impede development of the broadband market. Although the voice and broadband markets are converging, many

² 47 U.S.C. § 254 (c)(1)(A) – (D)

³ High-speed service is defined by the FCC as over 200 kbps in one direction, while advanced service is defined as at least 200 kbps in both directions.

⁴ United States General Accounting Office, Report to the Ranking Minority Member, Subcommittee on Telecommunications, Committee on Energy and Commerce, House of Representatives, Characteristics and Choices of Internet Users, GAO-01-345, February 2001; Question 15.

⁵ 14.3 percent stated they would be willing to pay less than \$5.00 more than what they were paying for conventional dial-up service, while 27.3 percent were willing to pay between \$5.00 and \$10.00 more. The

broadband providers do not provide the current list of supported services. This is important since it appears that new technologies, such as Internet access via satellite, have the potential of providing high-speed access in rural, high-cost areas at lower cost than local exchange companies. Any proposal that seeks to expand the fund in such a significant way must be technologically neutral.

In conclusion, the MD PSC believes that the current services meet the criteria established in the Act and recommends maintaining the current list of supported services at this time. The MD PSC does not support expanding the definition to include advanced services or high-speed Internet access because a substantial majority of Americans do not subscribe to these services at this time. In addition, because support is conditioned on the ability of a carrier to provide all of the supported services, any proposal to expand the definition to include advanced services would not be technologically neutral.

Respectfully submitted,

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Susan S. Miller, Esquire
General Counsel
Maryland Public Service Commission
6 St. Paul Street
Baltimore, MD 21202
(410) 767-8039

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